



Life

SUMMARISED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 AND
CASH DIVIDEND DECLARATION

Group Overview

Excellent results

Revenue



+12.9%

to R23.5 billion

Cash generated from operations



+18.0%

to R5.5 billion

Normalised EBITDA



+10.7%

to R5.5 billion

Headline earnings per share (HEPS)



+40.6%

to 108.8 cps

Normalised earnings per share



+17.4%

to 110.2 cps

Final dividend



+11.1%

to 50 cps

2018: Group Overview

Strong operational performance across the Group

Life Healthcare southern Africa (SA):

- ▶ Positive paid patient day (PPD) growth
- ▶ Excellent year-on-year growth in complementary and healthcare services
- ▶ Good improvement in clinical quality outcomes
- ▶ Annual PPD growth impacted by lower admissions for pneumonia related conditions in Q4
- ▶ Our investment in future growth projects resulted in higher corporate costs

Scanmed S.A. (Scanmed):

- ▶ Successful business turnaround driven by the management team
- ▶ Business restructured and well-positioned to execute future growth initiatives

2018: Group Overview

Strong operational performance across the Group

Alliance Medical Group Limited (Alliance Medical):

- ▶ Solid performance driven by strong PET-CT wave 1 growth
- ▶ Obtained four PET wave 2 contracts
- ▶ Integrated diagnostic centre (IDC) sign-up in the United Kingdom (UK) ahead of plan
- ▶ Successful transition from short-term to long-term contracts continues
- ▶ Italy and Ireland delivering good results
- ▶ Integration of business processes and systems is underway

Max Healthcare Institute Limited (Max):

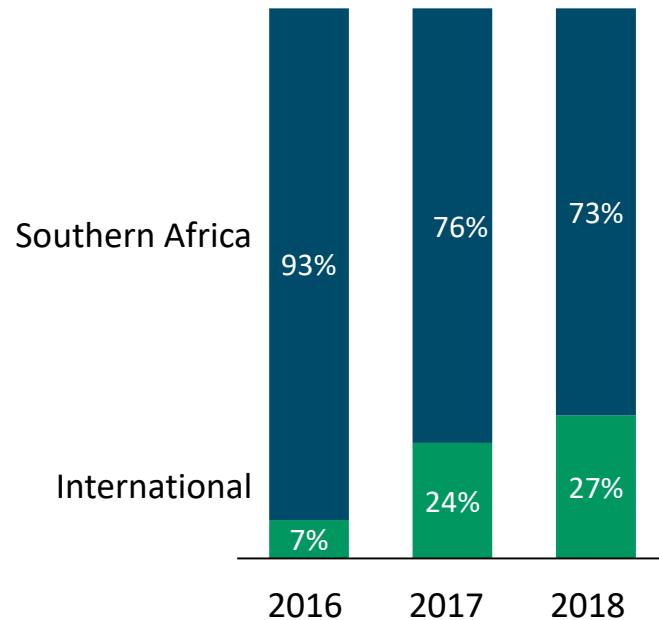
- ▶ Accepted an offer for our 49.7% equity shareholding in Max for approximately R4.3 billion before costs
- ▶ Transaction completion is subject to regulatory approval

2018: Group Overview

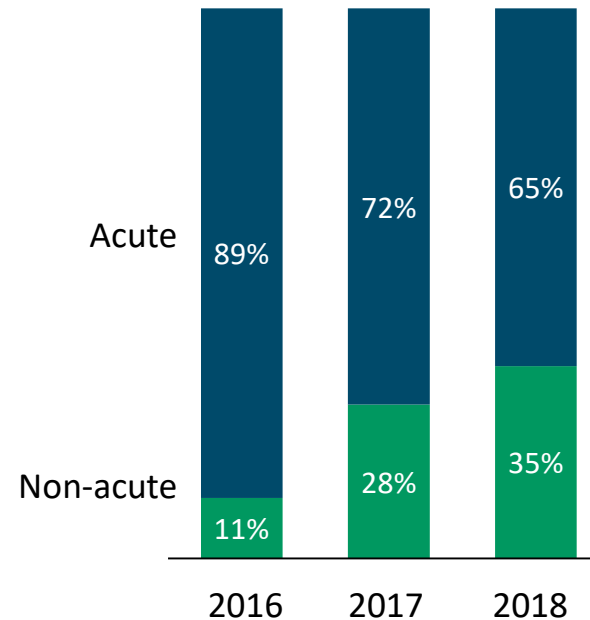
Strategic focus areas

- ▶ Successful strategy implementation of diversifying across business lines and territories
- ▶ Over one third of our business comes from non-acute sources

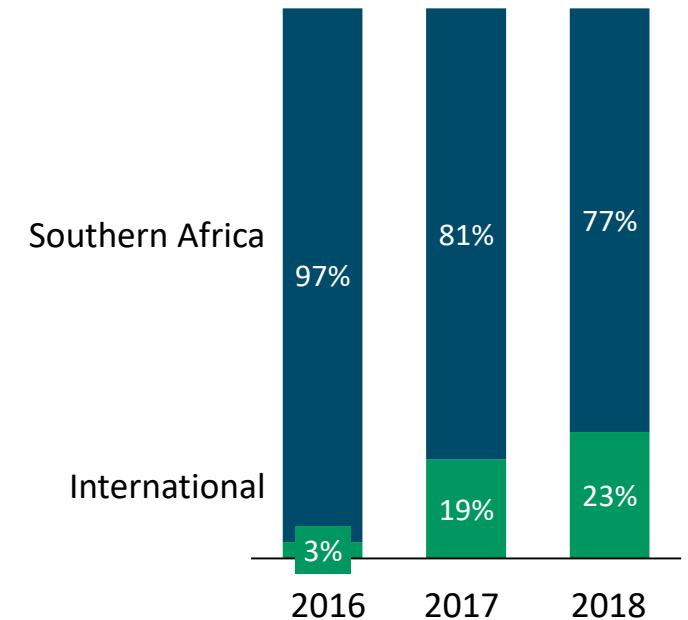
Revenue (%)



Acute vs non-acute revenue (%)



EBITDA (%)



2018: Group Overview

Strategic focus areas

Operational excellence:

- ▶ Group has a history and culture of driving operational excellence
- ▶ **H2 performance:**
 - EBITDA margin improvement:
 - Life Healthcare southern Africa acute and complementary
 - Alliance Medical

Quality:

- ▶ Clinical quality of paramount importance with a focus on measuring and reporting and expanding our clinical quality initiatives
- ▶ **H2 performance:**
 - Improved quality outcomes and patient experience
 - Introduction of clinical protocols covering maternity and stroke
 - Reporting of quality outcomes on a per hospital basis

Group-wide integration:

- ▶ Focus on driving Group wide integration
- ▶ **H2 performance:**
 - Driving Group wide synergies in operations, clinical quality, process automation and standardisation
 - Strengthening of data analytics across the Group

Growth:

- ▶ Grow the Group to an international healthcare provider, while still focussing heavily on SA growth and implementation of new initiatives
- ▶ Continue with the complementary services growth strategies and broaden our service offering outside of the acute spectrum
- ▶ **H2 performance:**
 - Good revenue growth of 12.9%
 - Positive PPD growth in SA
 - Continued good growth in complementary services
 - Strong PET-CT growth in Alliance Medical
 - Continued Scanned turnaround
 - Increasing revenue from non-acute sources:
 - FY 2018: 35%
 - H2 2018: 36%






Operational Review

Dr Shrey Viranna | Group CEO

Southern Africa

Southern Africa

Business review: steady increase in PPDs, revenue and EBITDA

		30 Sept 2018	30 Sept 2017	Change %	
PPD GROWTH		1.1%	-1.7%		<ul style="list-style-type: none"> ▶ Solid PPD growth across all business units with strong growth in complementary services of over 5.0%
REVENUE		R 17 240m	R 15 890m	8.5%	<ul style="list-style-type: none"> ▶ Good revenue growth enhanced by complementary services growth of 14.0% and strong healthcare services growth of 28.8% ▶ Acute growth of 6.9%: <ul style="list-style-type: none"> • Revenue / ppd: 6.2% • PPD growth: 0.7%
EBITDA		R 4 289m	R 4 049m	5.9%	<ul style="list-style-type: none"> ▶ Positive EBITDA growth. Margins impacted by: <ul style="list-style-type: none"> • Double-digit healthcare services revenue growth at lower margins • Increased corporate costs due to investment in future growth projects
EBITDA MARGIN		24.9%	25.5%		

Southern Africa

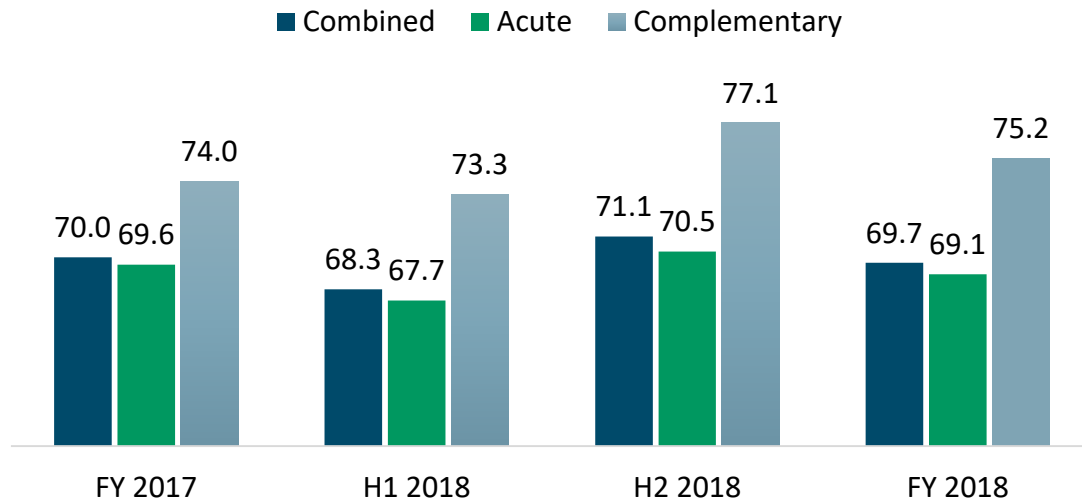
Business review: capacity growth and utilisation

Capacity growth

	FY 2018	H1 2018	H2 2018
Bed additions at existing facilities	131	88	43
Renal dialysis stations	15	6	9

- ◆ Conservative growth in brownfield expansion beds across six hospitals
 - Life Midmed
 - Life St Mary’s Private
 - Life Queenstown Private
 - Life Cosmos
 - Life The Crompton
 - Life Entabeni

Occupancy %



- ◆ Acute H2 occupancy impacted by lower pneumonia and upper respiratory (MDC04) admissions
- ◆ If the 2018 Q4 PPDs had been in line with 2017 then full year PPD growth would have been c. 2.0%

MDC04 PPD impact

	2018	2017	%
H1	119 882	118 835	0.9%
Q3	77 411	73 494	5.3%
Q4	70 497	94 189	(25.2%)
FY	267 790	286 518	(6.5%)

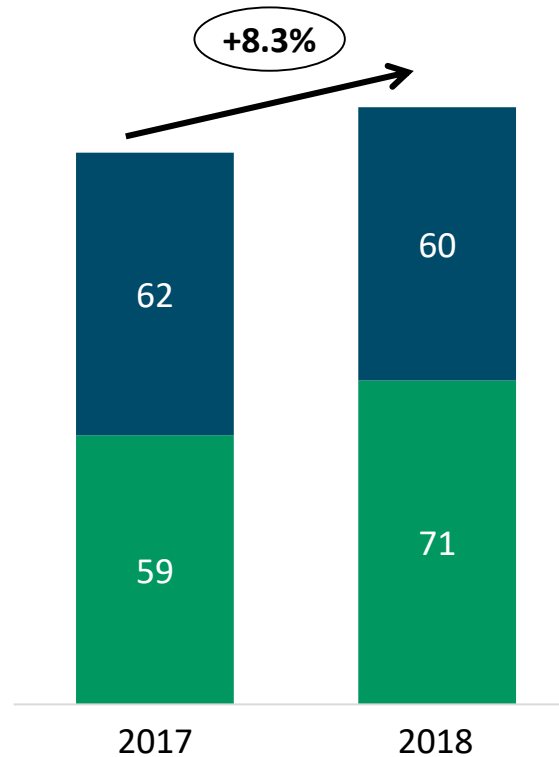
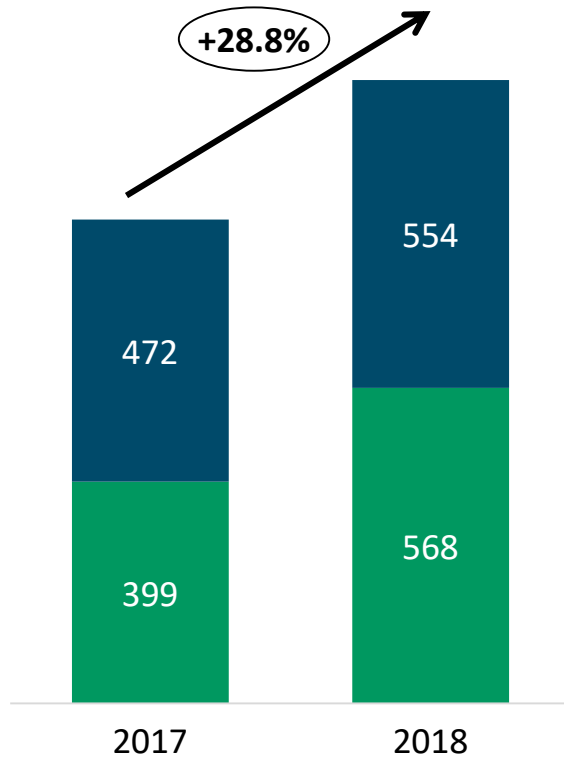
Healthcare Services

Strong growth in revenue

Revenue (R'm)

EBITDA (R'm)

■ H1 2018 ■ H2 2018



EBITDA margin

13.9%

11.7%

Life Esidimeni:

- Positive engagement with Department of Health resulting in re-admission of 700 Gauteng mental healthcare users
- 39 additional beds
- Renewal of Shiluvana contract

Life Employee Health Solutions:

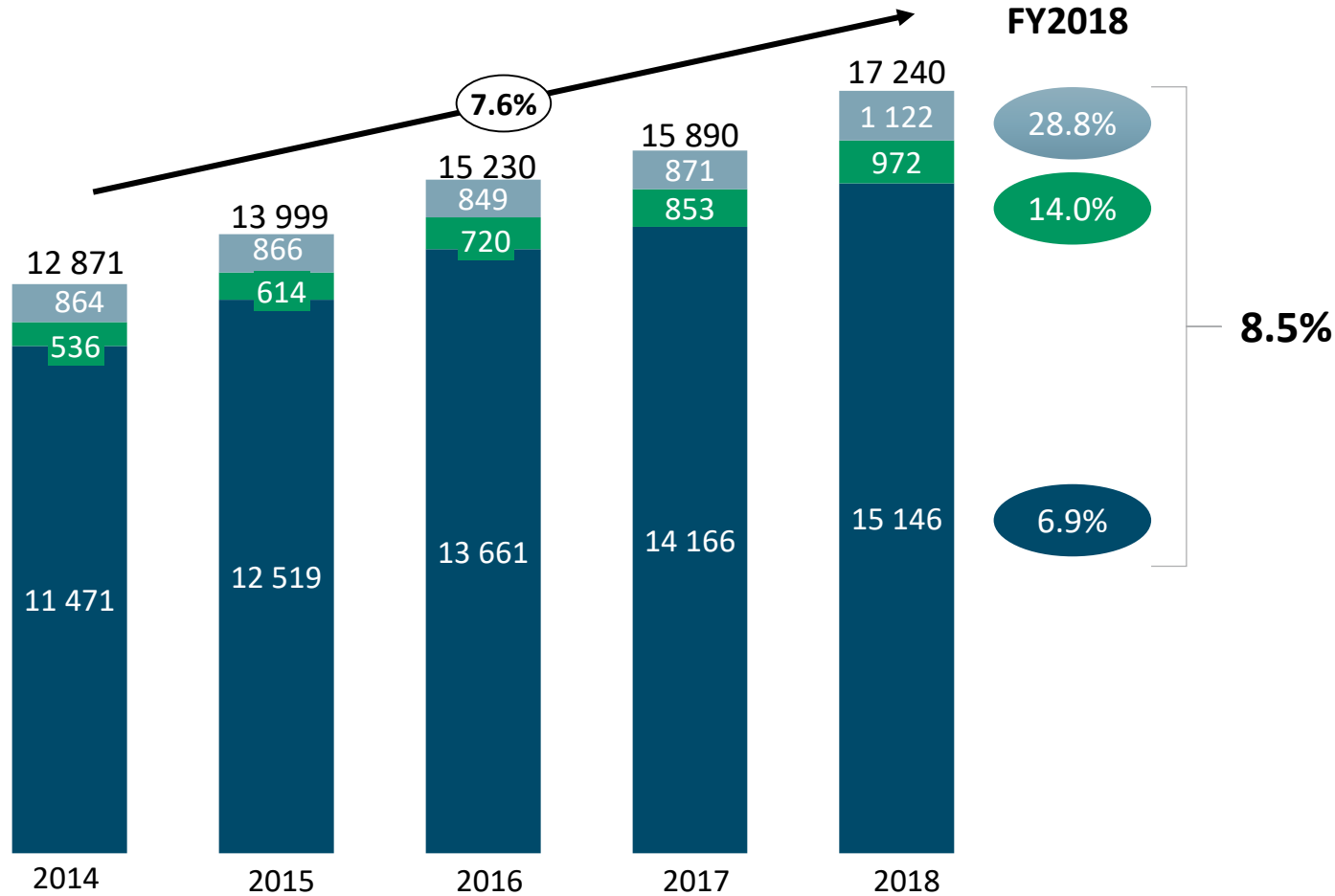
- Newly acquired occupational health and wellness business resulted in inherited contracts obtained at lower margins
- Loss of major contract in H1 2018 impacting results and margins
- Business being re-structured with new management. Well positioned for new growth with improved margins

5 Year Revenue Split

Business review: continued growth across key businesses

Revenue (R'm)

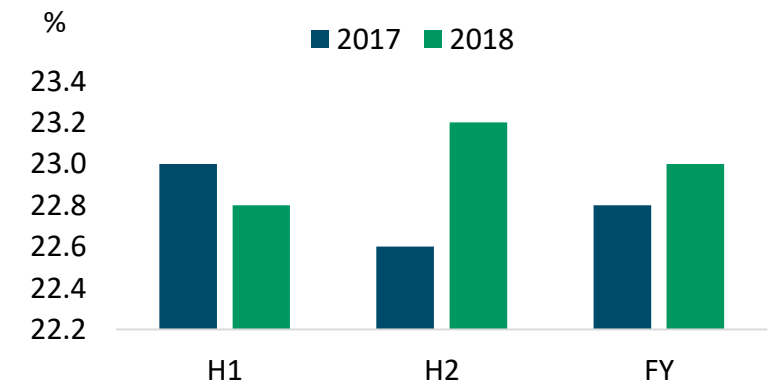
Healthcare Services Complementary Acute



Underlying acute and complementary margins

- Overall margins declined from 25.5% to 24.9%. Lower margins within healthcare services (HCS) and increased corporate costs due to investment in future growth projects
- Excluding healthcare services and corporate – EBITDA margins in the acute / complementary services businesses improved

Acute/complementary EBITDA margin (excl. HCS & corporate)



Quality

Quality outcomes and patient experience continue to show overall improvement

	30 Sept 2018	30 Sept 2017	Measure
Patient quality and safety measures			
HAI (Healthcare associated infection)	0.41	0.42	Per 1 000 PPDs
VAP (Ventilator associated pneumonia)	1.09	1.48	Per 1 000 ventilator days
SSI (Surgical site infection)	0.99	0.96	Per 1 000 theatre cases
CLABSI (Central line associated bloodstream infection)	0.99	0.85	Per 1 000 central lines
CAUTI (Catheter associated urinary tract infection)	0.31	0.40	Per 1 000 catheter days on one line
Patient safety adverse event	2.68	2.69	Per 1 000 PPDs
Medication adverse events	1.10	1.13	Per 1 000 PPDs
Falling adverse events	0.68	0.71	Per 1 000 PPDs
Pressure ulcers	0.12	0.13	Per 1 000 PPDs
Procedure related adverse events	0.55	0.51	Per 1 000 PPDs
Rehabilitation outcome measures			
FIM™/FAM score	0.90	1.00	Standardised assessment of 18 metrics widely used in rehabilitation
Mental health outcome measures			
MHQ14 efficiency	2.20	2.50	Average gain/PPD
Patient experience			
Definitely recommend	70.7%	70.0%	
Patient experience	84%	84%	



Operational Review

Dr Shrey Viranna | Group CEO

International

Alliance Medical

Overview

UK



DI static sites	33
PET-CT national contract sites	32
Mobiles	45

Revenue %	48%
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Number of machines

MRI	65
CT	14
PET-CT	36
Cyclotrons	4

MRI / CT / other	48%
PET-CT / Radiopharmacy	52%
Public / Private	85% / 15%

Italy



Owned clinics	33
Static sites	11

Revenue %	31%
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Number of machines

MRI	50
CT	23
PET-CT	4
Cyclotron	1

MRI / CT / other	95%
PET-CT / Radiopharmacy	5%
Public / Private	63% / 37%

Ireland



Operating sites	23
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Revenue %	10%
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Number of machines

MRI	27
CT	8
PET-CT	1

MRI / CT / other	94%
PET-CT	6%
Public / Private	39% / 61%

Other geographies



Spain



Germany



Bulgaria



Switzerland



US



Netherlands



Finland



Norway



Austria



Poland

Revenue %	11%
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Cyclotrons	4
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MRI / CT / other	35%
PET-CT / Radiopharmacy	65%

Alliance Medical

Stable overall performance with investment in future growth

For 12 months	30 Sept 2018	Piramal	H2 2018	H1 2018	30 Sept 2017	Change %
Revenue (£'m)	283	4	144	135	261	8.4
Normalised EBITDA (£'m)	67	(3)	38	32	69	(2.9)
Normalised EBITDA margin	23.7%		26.4%	23.7%	26.4%	

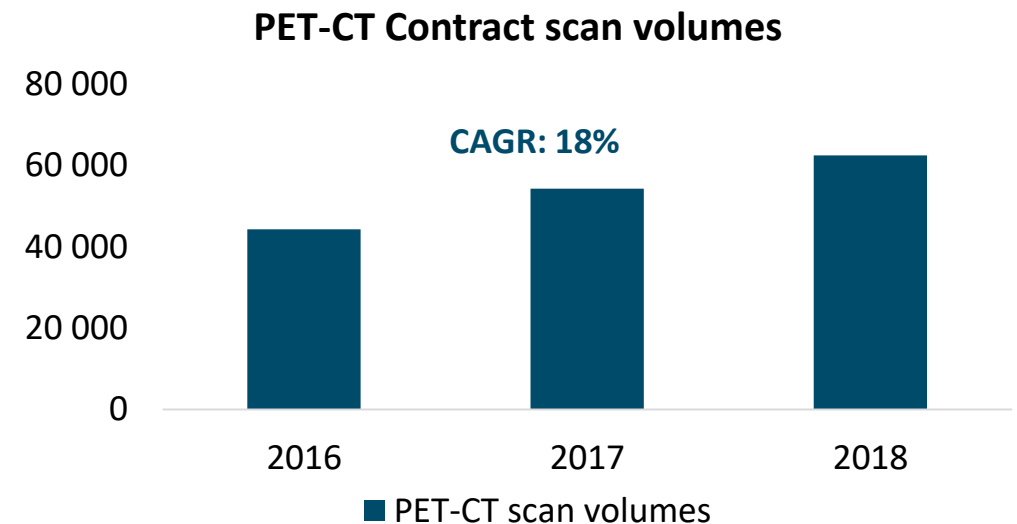
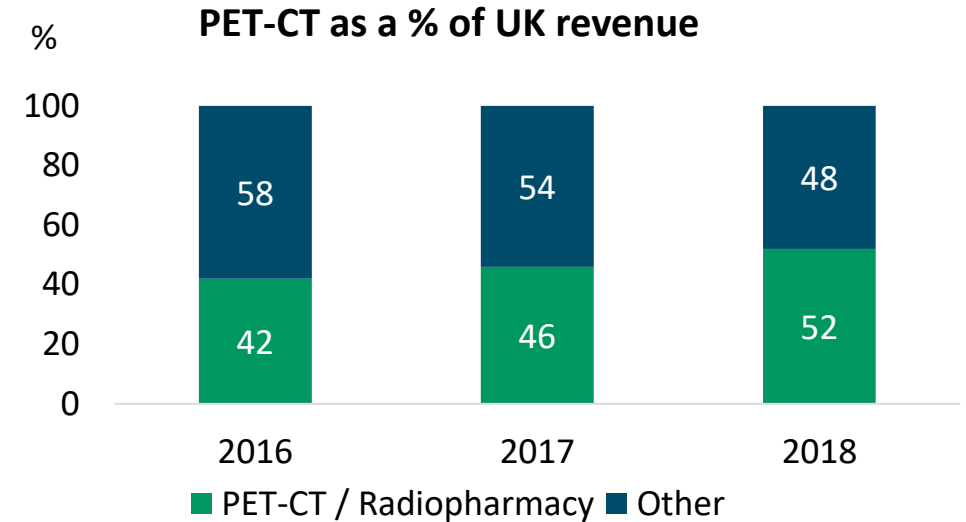
- Revenue grew by 8.4% on the back of strong PET-CT growth in the UK, good northern Europe growth and a solid performance from Italy and Ireland
- Excellent H2 performance with revenue growing by 6.7% and EBITDA by 18.8%

Normalised EBITDA margin (%)



▶ Molecular imaging (MI):

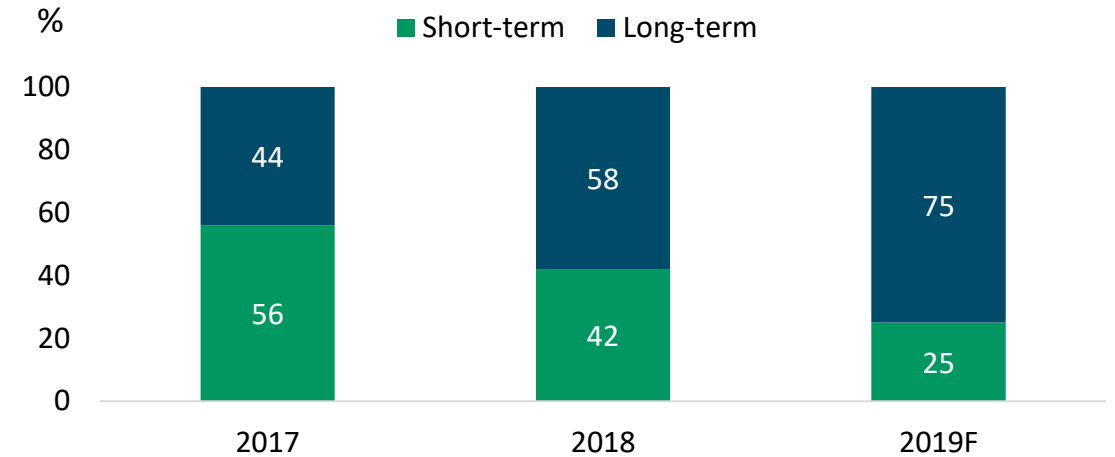
- PET wave 1
 - MI growth underpinned by 10 year PET wave 1 contract
 - Continued strong PET-CT volume growth of 15.2%
 - Growth benefitting from roll-out of static PET-CT sites
 - Pricing certainty until December 2025
- PET wave 2
 - Successful with four PET wave 2 contracts
 - one contract in London
 - three contracts at existing PET-CT sites
 - Fixed price contracts with 7-year term with a 3-year option
- Radiopharmacy
 - The strong growth in PET-CT resulted in operational challenges
 - Cyclotron upgrade is on track for December 2018 which will resolve supply issues in the short-term
 - Additional capacity is being introduced towards the end of FY 2019 to cater for the continued growth in PET-CT



Diagnostic imaging (DI):

- Strategic focus continues to be partnership solutions with hospital trusts
- Alliance Medical UK benefitting from the move away from mobile infrastructure / short-term or spot contracts to static long term facilities and contracts
- 12 long-term contracts signed for IDC's
- Opened the first UK IDC in March 2018 at Colchester

Growth in longer-term contracts



Service starts with a single MRI

Service evolves to an MRI static supported by PET-CT & MRI mobiles

Service transitions to an Integrated Diagnostic Centre

Mobile

Mobile

Mobile

Static

Fully Integrated Diagnostic Centre

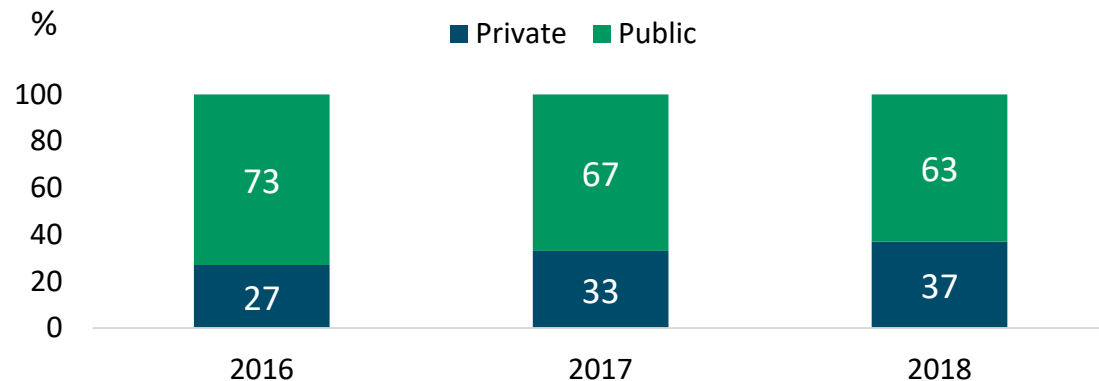


- 1 PET-CT
- 3 MRIs
- Nuclear medicine
- Mobile pad

Italy:

- ▶ Private clinics MRI and CT volumes increased 14% on the back of increased volumes and the acquisitions of:
 - Albaro Clinic, acquired in H1 2017, performing ahead of business plan
 - IMED, acquired in March 2018 for £32.7 million, operating a group of six diagnostic clinics in the Veneto region in Italy
 - Centro Alfa, acquired in September 2018 for £0.8 million and operates out of Modena in Italy
- ▶ Growth in clinics business enables growth in private volumes
- ▶ Lower margin static contracts were exited

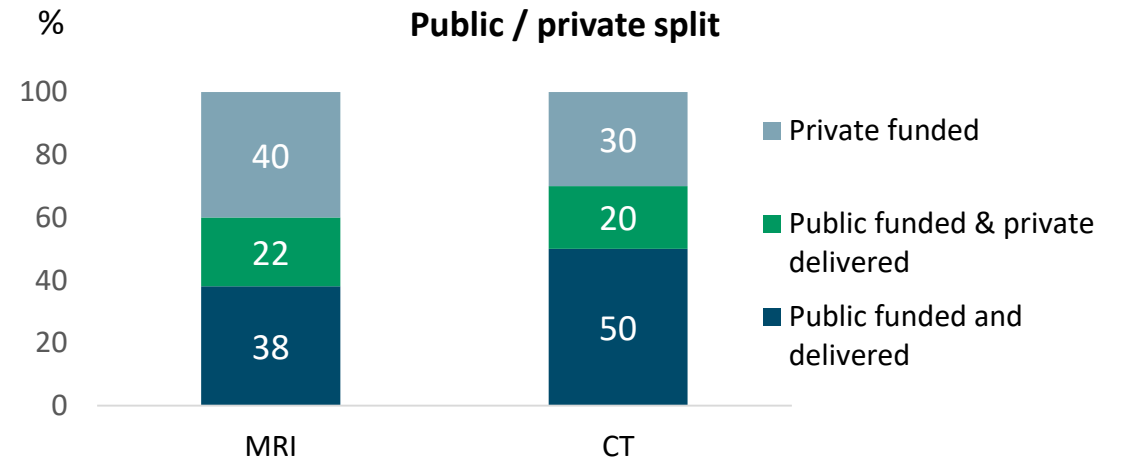
Public and private revenue



Ireland:

- ▶ Continues to show solid volume growth in clinics, statics and mobiles
- ▶ Rolling out an outpatient diagnostic clinic model:
 - Similar to the Italy clinic model and what is being introduced in the UK
 - In partnership with one of the large private hospital groups in Ireland

Public / private split



▶ Northern Europe:

- Good revenue growth on the back of the Life Radiopharma acquisition in H2 2017
- Growth is within the context of a lower EBITDA margin
- Acquisition created the largest European integrated radiotracer supply and imaging organisation, extending Alliance Medical's molecular imaging presence in northern Europe

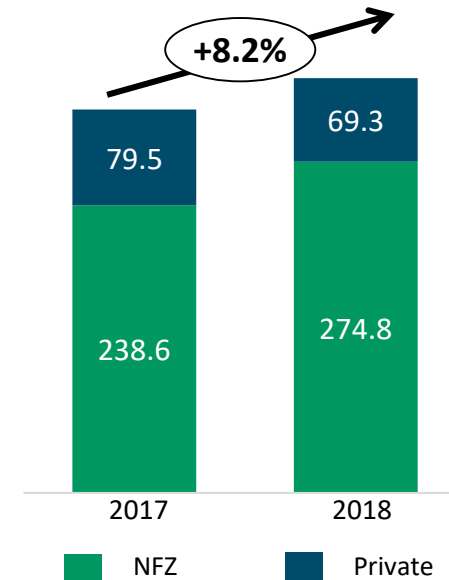
▶ Product development / clinical trials:

- Business of Piramal Imaging S.A and three subsidiaries (Piramal) acquired in June 2018
- Piramal focusses on development of innovative molecular imaging agents addressing neurological, oncological and cardiovascular diseases. Includes Food and Drug Administration (FDA) approved product for assisting in the diagnosis of Alzheimer's disease (Re-branded Life Molecular Imaging)

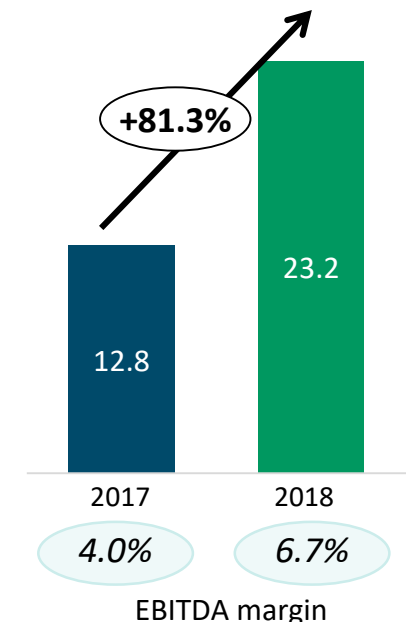
▶ Poland:

- Strong business turnaround
- Good volume growth in cardiology
- Continued focus on operational efficiency and costs optimisation

Revenue (PLN'm)



EBITDA (PLN'm)





Financial Review

Pieter van der Westhuizen | Group CFO

Good performance

across all territories
with improved
performance in H2

Strong cash generated from operations

for the year with cash
generated
from operations
up 18.0%

Final cash dividend of 50 cents per share

Total dividend of 88 cents
per share (up 10.0%)

Normalised earnings per share up 17.4%

on the back of good
operational performance
and the benefit of lower
interest cost



Summarised profit or loss

Group

	2018 R'm	2017 R'm	%	
Revenue	23 488	20 797	12.9	→ Revenue growth largely due to Alliance Medical included for 12 months compared to 10.3 months in 2017 and the weakening of the rand against the pound sterling, euro and polish zloty
Normalised EBITDA	5 535	5 001	10.7	
Normalised EBITDA margin	23.6%	24.0%		→ EBITDA impacted by increased cost base and investments for future growth
EBITA	4 402	4 030	9.2	
Amortisation	(537)	(439)	22.3	→ Amortisation of intangibles normalised for Alliance Medical acquisition and the impact of additional acquisitions
Operating profit	3 848	3 620	6.3	
Net finance costs	(962)	(1 137)	(15.4)	
Associates and joint ventures	(105)	(15)	(>100)	→ Max included for nine months
Profit before tax	2 837	1 934	46.7	
Tax	(923)	(815)	13.3	→ Effective tax rate reduced from 42.1% to 32.5% largely due to once-off costs included in 2017
Non-controlling interest	(339)	(305)	11.1	
Attributable profit	1 575	814	93.5	

Financial Results

Group

	2018 R'm	2017 R'm	%	
Revenue	23 488	20 797	12.9	
Southern Africa	17 240	15 890	8.5	
Alliance Medical	4 922	3 812	29.1	Increased overheads related to capacity building, empowerment spend and governance
Alliance Medical – product dev	66	-	>(100)	
Poland	1 260	1 095	15.1	
Normalised EBITDA	5 535	5 001	10.7	
Southern Africa	4 289	4 049	5.9	Alliance Medical included for 12 months in 2018 vs. 10.3 months in 2017
Alliance Medical	1 206	908	32.8	
Alliance Medical – product dev	(45)	-	>(100)	Acquisition of clinical trials business in June 2018. Clinical trials for neurological diseases as well as cancer detection
Poland	85	44	93.2	
Normalised EBITDA margin (%)	23.6%	24.0%		Stronger performance from Poland on back of contract renewals and integration efforts
Southern Africa	24.9%	25.5%		
Alliance Medical (excl. product dev)	24.5%	23.8%		
Poland	6.7%	4.0%		

1PLN = ZAR3.66 (30 Sept 2018) 1GBP = ZAR17.60 (30 Sept 2018)
 1PLN = ZAR3.44 (30 Sept 2017) 1GBP = ZAR16.93 (30 Sept 2017)

Financial Results

Group

	30 Sept 2018	30 Sept 2017	Change %
Weighted average number of shares (million)	1 451	1 310	10.8
EPS (cents)	108.6	62.2	74.6
Impairments of assets and investments	2.3	12.8	
Profit on remeasuring previously held interest in associate to fair value	-	(0.4)	
(Profit)/loss on disposal of property, plant and equipment	(2.1)	2.8	
HEPS (cents)	108.8	77.4	40.6
Fair value adjustment to contingent consideration	1.2	(3.3)	
Transaction costs relating to acquisitions	2.6	20.4	
Gain on derecognition of lease assets and liabilities	(4.9)	-	
Other	2.5	(0.6)	
Normalised EPS (cents)	110.2	93.9	17.4
Effect of Max	8.1	2.1	
Normalised EPS excluding Max (cents)	118.3	96.0	23.2
Normalised EPS excluding amortisation (cents)	139.3	120.6	15.5

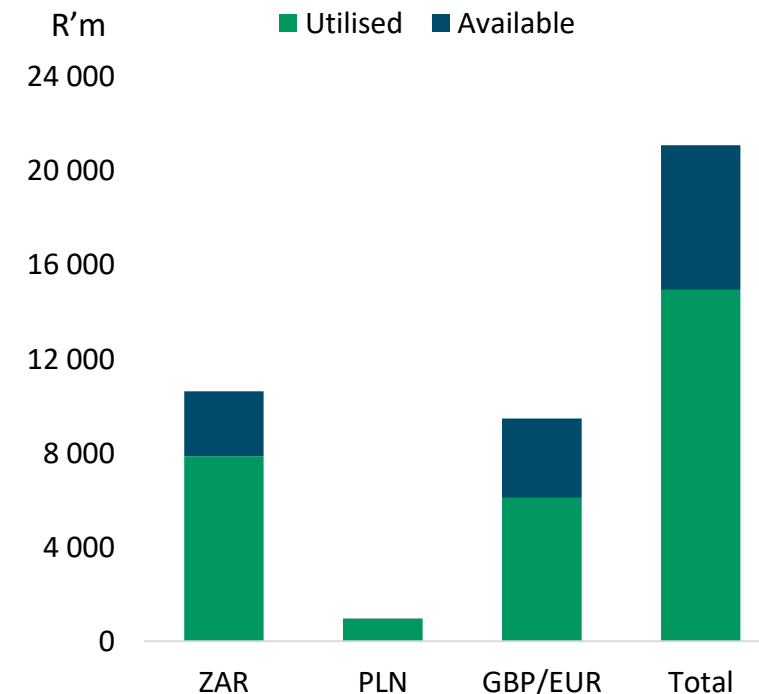
Summarised Consolidated Statement of Financial Position

	2018 R'm	2017 R'm
Non-current assets	30 558	31 459
Property, plant and equipment	12 243	11 131
Goodwill	12 991	12 170
Intangible assets	4 093	4 111
Investment in Max (reclassified as held for sale)	-	2 960
Other	1 231	1 087
Current assets (excluding cash and asset classified as held for sale)	4 249	4 004
Asset classified as held for sale	2 841	-
Cash and cash equivalents	1 494	1 176
Total assets	39 142	36 639
Total shareholders' equity	16 202	15 551
Non-current liabilities	14 764	9 991
Interest-bearing borrowings	12 870	7 786
Other non-current liabilities	1 894	2 205
Current liabilities (excluding interest-bearing borrowings)	5 090	4 796
Interest bearing borrowings	3 086	6 301
Total equity and liabilities	39 142	36 639
Net debt	14 950	13 361
Net debt to normalised EBITDA (covenant 3.5x)	2.73	2.55

Debt and debt facilities

Funding	30 Sept 2018 R'm	Weighted avg. cost of debt (post-tax)	30 Sep 2017 R'm	Weighted avg. cost of debt (post-tax)
Acquisition funding				
ZAR	3 551	7.31	4 851	7.32
PLN	830	3.75	801	3.77
GBP	1 311	2.42	992	2.26
Capex funding - ZAR	3 837	6.16	2 498	6.67
Poland	134	3.05	148	3.05
Alliance Medical	4 789	2.11	3 157	1.96
Capitalised finance leases				
ZAR	548	8.68	670	9.22
PLN	259	4.45	253	4.45
GBP	697	3.53	717	3.65
Working capital - ZAR	488	5.76	450	6.12
	16 444	4.64	14 537	5.28

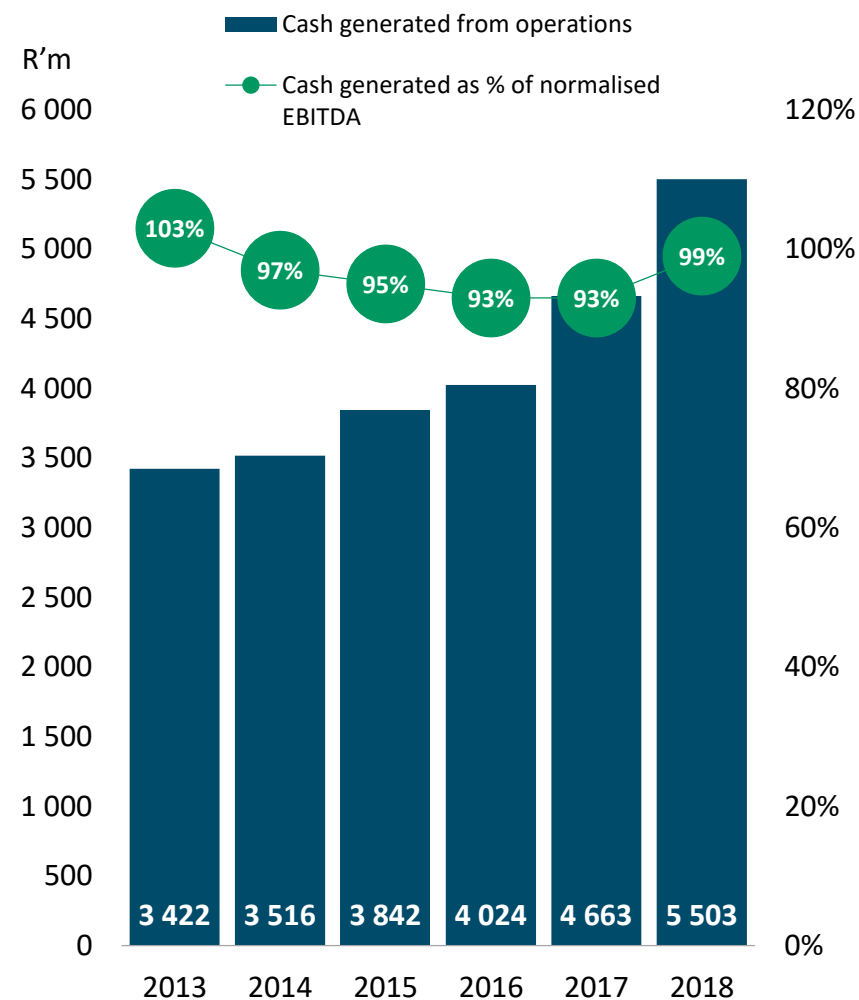
Available bank facilities



Cash Flow

Group

	30 Sept 2018 R'm	30 Sept 2017 R'm	Change %
Cash generated from operations	5 503	4 663	18.0
Net interest paid	(863)	(621)	
Tax paid	(1 065)	(891)	
Maintenance capex	(878)	(837)	
Minority distributions	(252)	(261)	
Staff schemes	(72)	(125)	
Free cash flow before transaction costs and non-recurring interest	2 373	1 928	23.1
Non-recurring interest	-	(427)	
Transaction costs paid	(38)	(210)	
Growth capex	(1 366)	(819)	
Investments, net of cash (incl. contingent considerations paid)	(1 131)	(10 301)	
Net cash flow after capex and investments	(162)	(9 829)	>100
Free cash per share (before transaction costs and non-recurring interest (cents))	163.5	147.2	11.1



Distributions	Cents per share	R'm
Interim 2017	35	504
Final 2017	45	652
Total 2017	80	1 156
Interim 2018	38	556
Final 2018	50	734
Total 2018	88	1 290

- ▶ The Group's dividend policy is to pay a progressive dividend that takes into account the underlying earnings and available funding of the Group both in southern Africa and internationally, while retaining sufficient capital to fund ongoing operations and growth projects, as well as, manage gearing to acceptable levels.



Outlook

Dr Shrey Viranna | Group CEO

Southern Africa:

- ▶ Capex spend for FY2019 for approximately R1.2 billion, of which R850 million relates to maintenance capex
- ▶ Conservative brownfield bed expansion and addition of a new 80 bed mental health facility, opening in Q2 2019

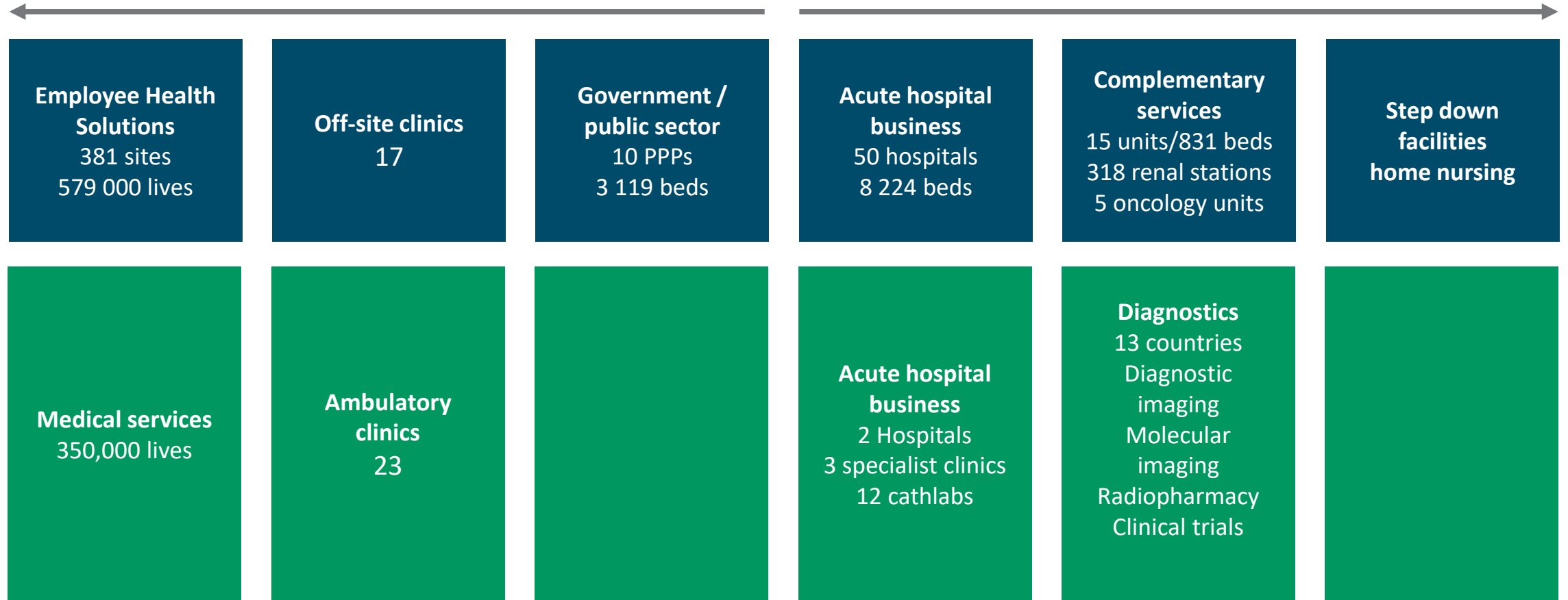
Alliance Medical:

- ▶ Capex spend for FY2019 of approximately £67million, of which £25million relates to maintenance capex
- ▶ UK:
 - Continued strong PET-CT growth in PET wave 1
 - Start of PET wave 2 contracts in Q2. Expected c.10% increase in PET-CT scan volumes but dilutive in year one due to initial set-up costs and different pricing model
 - Continued roll-out of IDCs and a focus on signing additional contracts
 - Continue to shift the business to longer-term sustainable contracts – c.75% in UK in longer-term contracts in FY2019
 - Stabilisation of Radiopharmacy business
- ▶ Ireland:
 - Continued good growth and roll-out of outpatient diagnostic clinics
- ▶ Italy:
 - Continued growth in clinic business on the back of steady volume growth and potential select acquisitions

Scanmed:

- ▶ Capex spend for FY2019 of approximately PLN20million, of which PLN14million relates to maintenance capex
- ▶ Revenue growth and EBITDA margins in line with FY2018

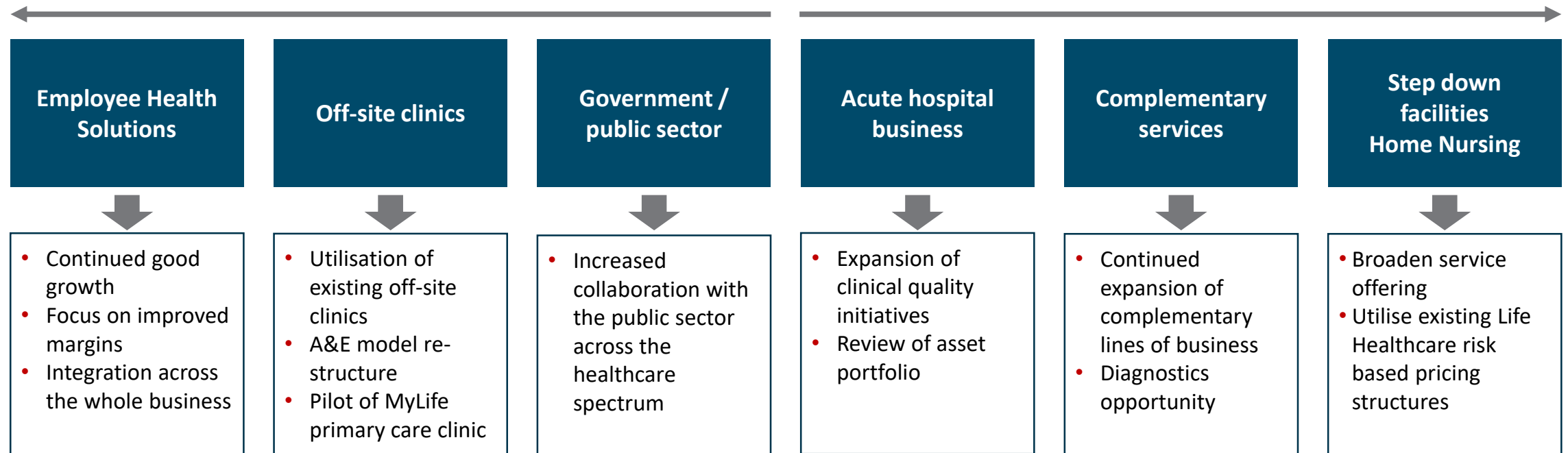
Continued focus on evolving the Group's operating model leveraging off existing assets and existing scale



■ Southern Africa

■ International

▶ Continued focus on evolving the Group's operating model leveraging off existing assets and existing scale



Integration: unlocking value

▶ Group wide integration driving synergies in operations, procurement, standardisation and clinical quality

Diagnostics:

▶ Growth on the back of operational excellence with select bolt-on acquisitions

Revenue



+12.9%

to R23.5 billion

Cash generated from operations



+18.0%

to R5.5 billion

Normalised EBITDA



+10.7%

to R5.5 billion

Headline earnings per share (HEPS)



+40.6%

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Normalised earnings per share



+17.4%

to 110.2 cps

Final dividend



+11.1%

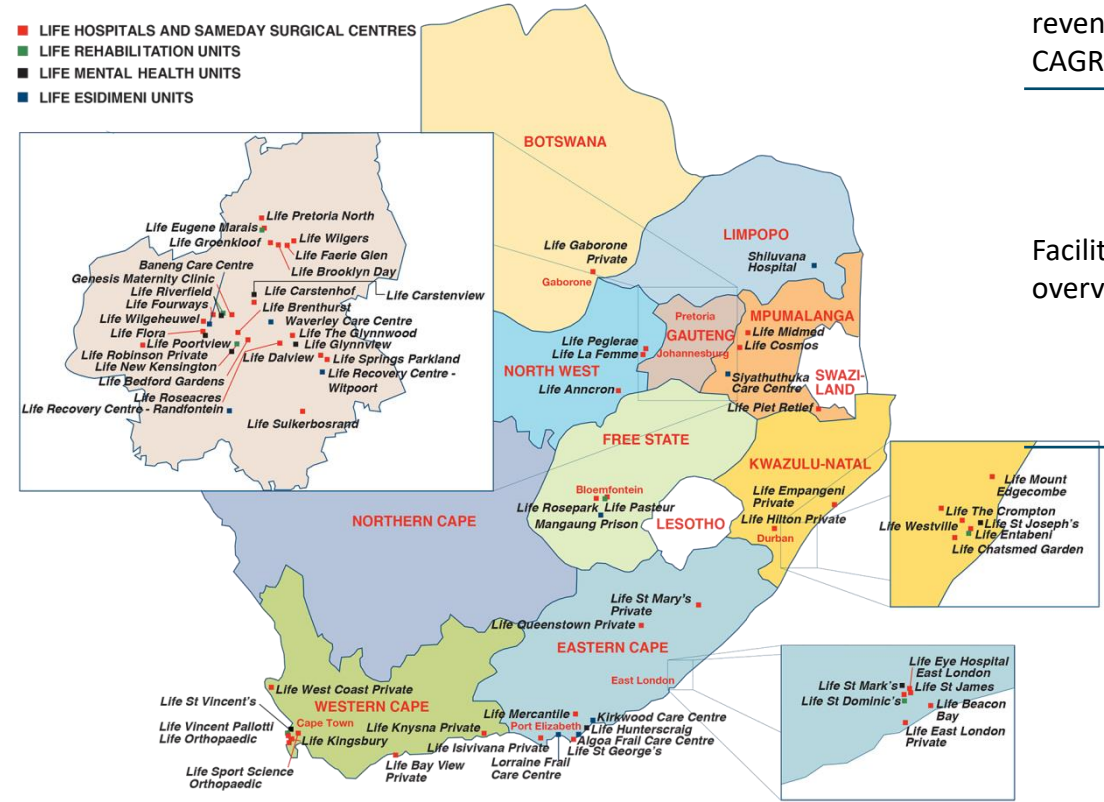
to 50 cps



Annexures

Southern Africa

Business review

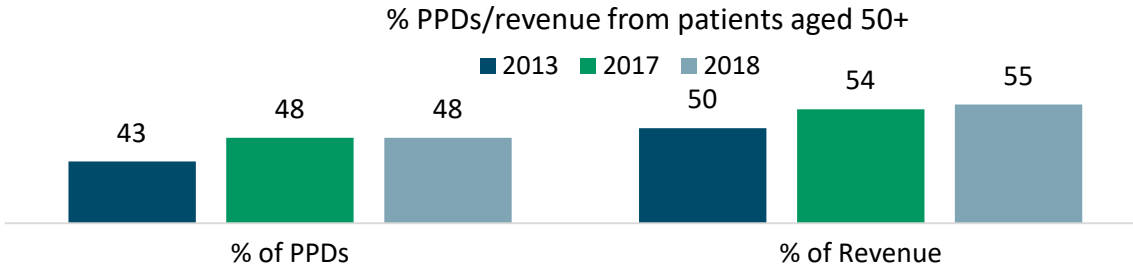


	Acute hospitals	Complementary services	Healthcare services
Proportion of SA revenue	87.9%	5.6%	6.5%
4 year revenue CAGR	7.2%	16.0%	6.8%
Facility overview	50 acute hospitals: 8 224 beds 2 023 000 PPDs 590 000 admissions 340 000 theatre cases 30 000 births 14 000 cathlab cases	7 acute rehabilitation units 319 beds 8 mental health units: 512 beds 26 renal dialysis units: 318 stations 5 oncology units	10 PPP facilities 3 119 beds 301 occupational health sites 211 000 lives 80 wellness sites: 368 000 lives

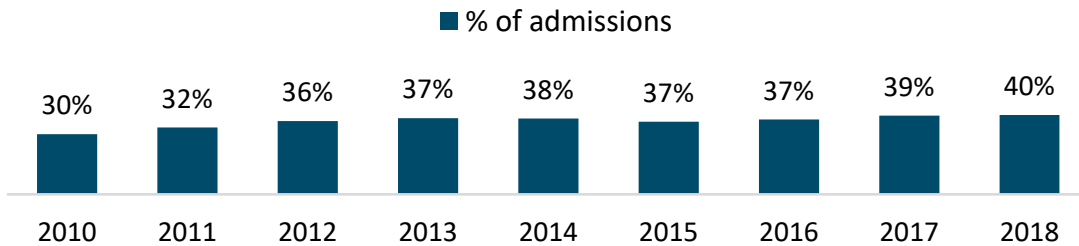
Southern Africa

Market dynamics frame the opportunity for growth

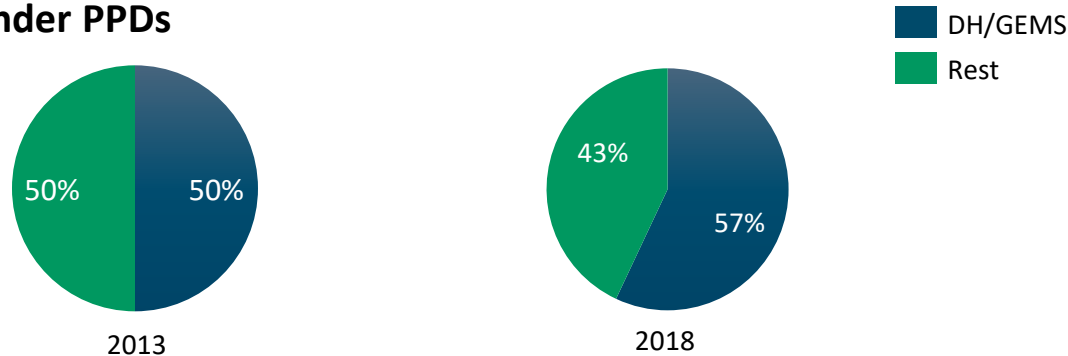
Ageing



Chronic disease



Funder PPDs



Implications

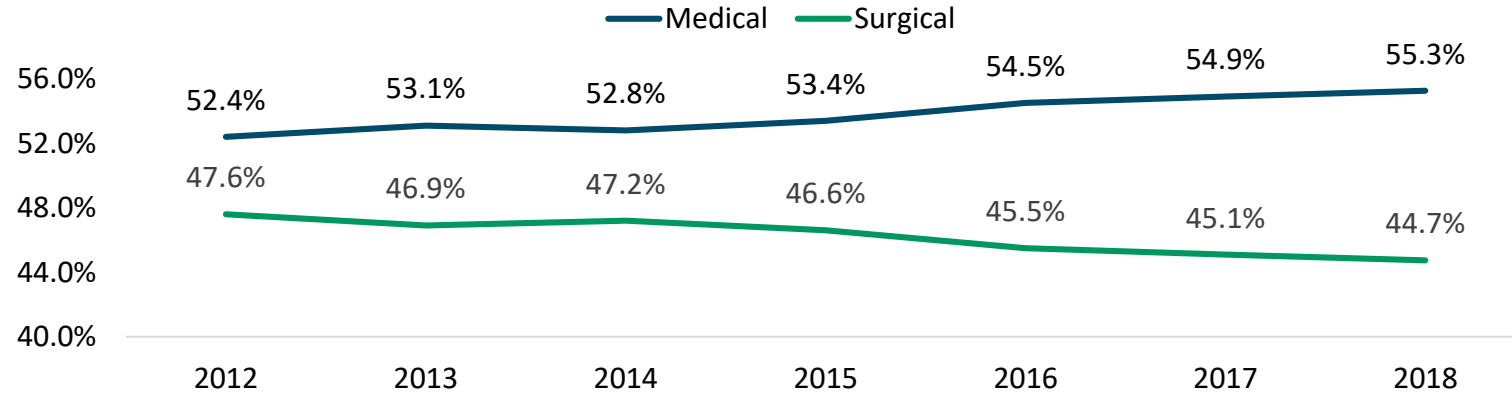
Increasing proportion of PPDs and revenue come from patients above 50 years of age

	% Difference
LOS differential patients >50 years vs <50 years	+34%
Revenue / admission differential patients >50 years vs <50 years	+78%

Increasing proportion of admissions and revenue come from patients with chronic diseases

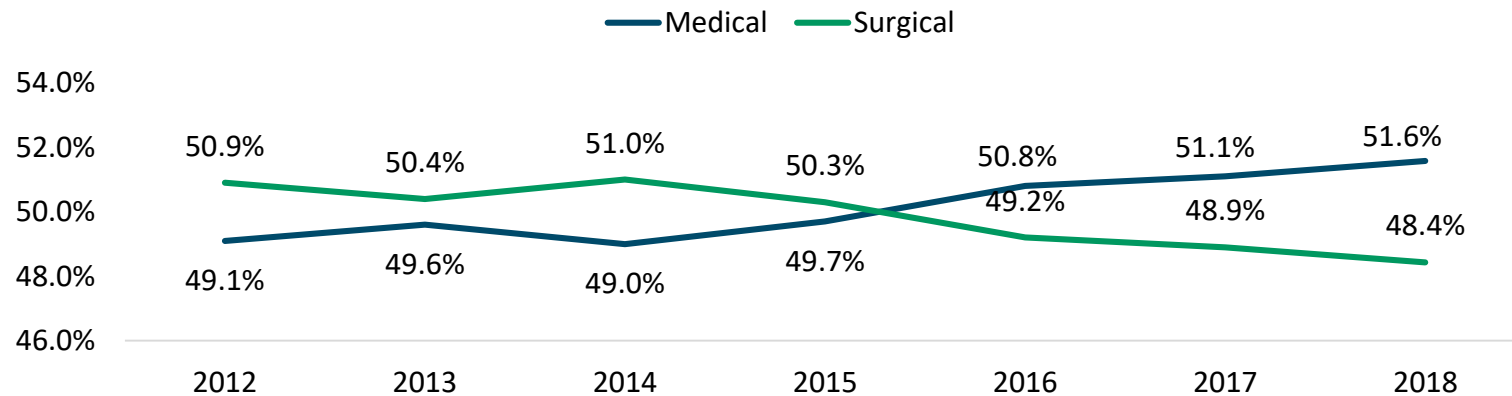
	2018	2017	2013
% of admissions: chronic	40%	39%	37%
% of revenue: chronic	55%	55%	52%

Total medical / surgical split as a % of PPDs



- ▶ Continued growth of medical cases on the back of complementary growth
- ▶ Continued growth in medical cases despite the drop in MDC04 admissions

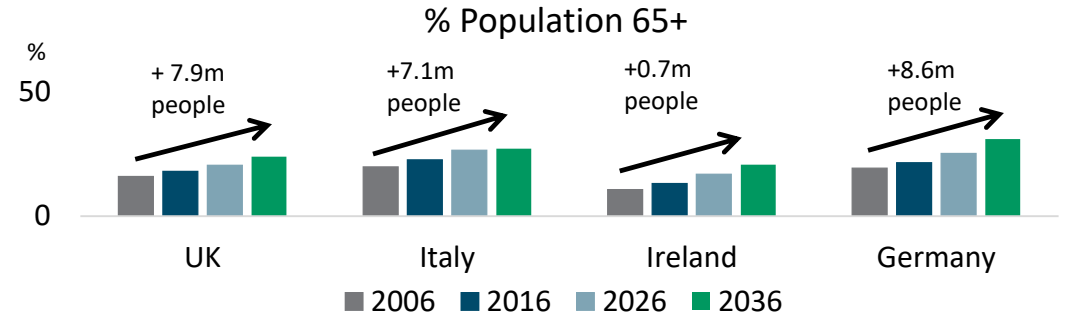
Acute medical / surgical split as a % of PPDs





Ageing population

36% of MRIs and 60% of CTs performed on people over 60 years of age



Growth in relevant condition requiring complex diagnostic imaging

Urgent GP referrals for suspected cancer have increased by 60% in the UK over the last 5 years
 c. 50% CTs, 10% MRIs & 98% PET-CTs linked to cancer



Emphasis on early diagnosis

Reduced downstream costs, improved clinical outcomes and survival rates



Technology improvements

Leading to better scan quality and new applications for scans



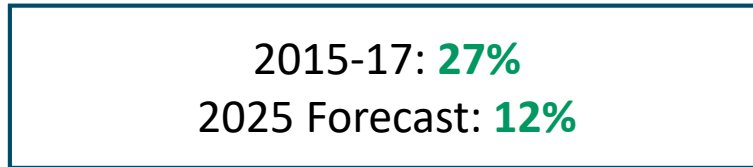
Increased A&E admissions

Increased use of scanning within A&Es.
 In the UK major A&E visits up by 7.2% over last 5 years

Alliance Medical

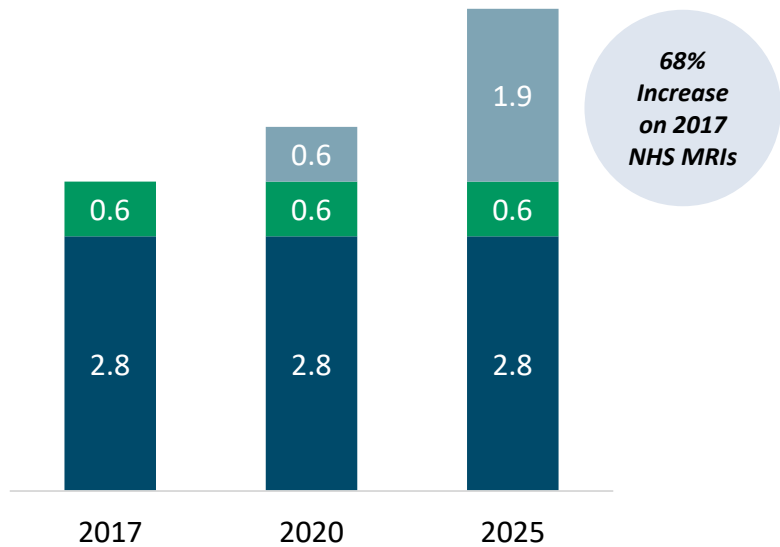
UK diagnostic volumes are predicted to continue to grow strongly

Market CAGRs



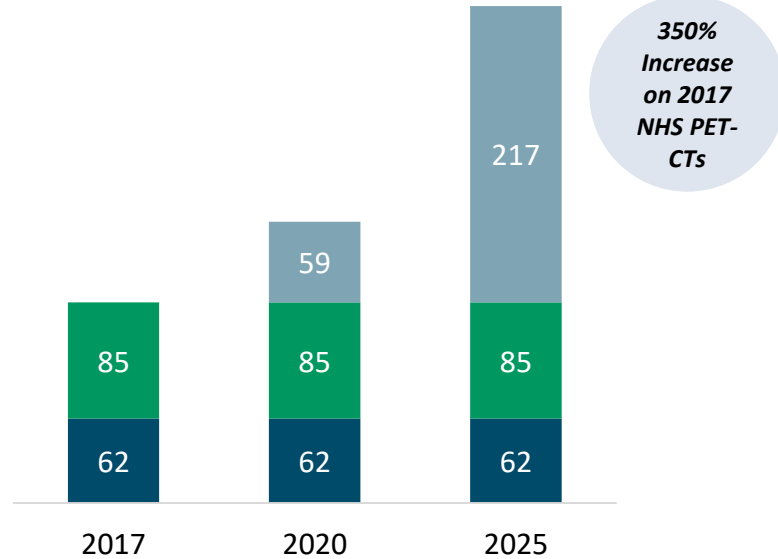
UK MRI scans (million)

■ NHS ■ 3rd party ■ Forecast



UK PET-CT (000)

■ NHS ■ 3rd party ■ Forecast



UK CT scans (million)

■ NHS ■ 3rd party ■ Forecast

